GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3904
ANSWERED ON:17.08.2001
NON-PERFORMING ASSETS
Y.S. VIVEKANANDA REDDY

Will the Minister of FINANCE be pleased to state:

(a) whether the Supreme Court has given a six weeks time to the Union Government to file a progress report on the steps taken by it on the basis of guidelines issued by the Reserve Bank of India regarding the non-performing assets of nationalised banks and financial institutions;

(b) if so, the details of the report submitted to the Supreme Court;

(c) the action taken against those held responsible; and

(d) by what time all the recommendations of the Reserve Bank of India are likely to be fully implemented ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHIB VIKHE PATIL)

(a):- Yes Sir. The Supreme Court of India vide its Order dated 11th July, 2001 had, inter-alia, stated that the matter may lie over for six weeks by which time Union of India would be in a position to furnish a progress report of the action taken on the basis of the guidelines to ease the situation of the non-performing assets.

(b):- Government of India has not furnished the report to the Supreme Court of India so far.

(c) & (d):- Government of India and Reserve Bank of India (RBI) have advised the banks and financial institutions to take several steps for recovery of bank dues such as evolving and implementation of recovery policy by banks, filing of suits with civil courts, filing cases with Debt Recovery Tribunals, (DRTs) compromise settlement through Settlement Advisory Committees and monitoring and follow up of Non-Performing Assets (NPAs) at various levels in the bank.RBI vide its circular dated 27th July, 2000 had framed non-discretionary and non-discriminatory guidelines for settlement of NPAs upto Rs.5 crore and advised banks to evolve their own policy for loan outstandings of above Rs.5 crore. Effective action by banks for rehabilitation, one-time settlement for filing of suits in all necessary cases by 31.9.2001 has to be ensured by the chief executives. The banks have also been advised to use the forum of Lok Adalat for compromise settlement of their NPAs and guidelines have been issued by RBI in May, 2001 for making increased use of this forum to settle disputes involving outstanding balance in NPA accounts upto Rs.5 lakhs. Action has also been initiated to bring in a legislation that will facilitate foreclosures and enforcement of securities in cases of default, in order to enable the banks and financial institutions to realize their dues. Credit Information Bureau has also been set up to disseminate information on borrowers to the banks. Banks generally examine staff accountability in loan cases that have become non-performing and take appropriate action wherever required.